



Diversified

Investment Adviser Disclosure Statement

Richard C Milton

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Document prepared on: 3 March 2008

Introduction

In accordance with the provisions of the Securities Markets Act 1988 and the Securities Markets (Investment Advisers and Brokers) Regulations 2007, this Disclosure Statement provides you with information and answers to questions about **Richard Milton**, an independent Adviser with *Diversified* Investment Strategies Limited (*Diversified*) and also provides details about how *Diversified* operates, the services offered, my qualifications, how our company operates, and how we are paid.

Details of the Company

Diversified was formed in 1994 to provide Investment Advice with the primary responsibility of preserving value while achieving a competitive rate of return. Subsequently, *Diversified* merged with Legal & Professional Investment Services Ltd and Milton Macy & Co Ltd. In 2006 *Diversified* merged with Aspen Financial Management Ltd.

Diversified works via its Directors/Principals and via a number of contracted independent Advisers who use *Diversified*'s proprietary investment strategy research and administrative systems in order to deliver a comprehensive investment service to clients.

Experience & Qualifications

Richard Milton (Richard C Milton Ltd) is an independent contractor to *Diversified* Investment Strategies Ltd. He has worked in the financial sector for over 13 years, 10 years in an administrative role with *Diversified* Investment Strategies Ltd before moving to the role of investment adviser in March 2005.

Richard attained an M.Sc. with Honours from the University of Auckland in 1992. He studied for the CFA certification for two years before moving to the advisory side of the business, but his studies are incomplete at the present time.

Richard keeps his knowledge up to date by attending industry conferences and events, and reading financial material.



How we Operate

After gathering information we formulate a written investment plan to meet the goals and objectives of our clients. Upon agreement this plan is implemented and then regularly reviewed on a quarterly basis. We utilise independent statutory custodial services for the efficiency and protection of our clients' assets.

Investment Advice

Diversified may place investments via the Independent Custodian with any investment provider and has no tied arrangements or 'quota' arrangements for levels of business with any product or service supplier. The field of our investment alternatives is not limited and may include:

- Direct Shares – Domestic and International
- UK Listed Investment Trusts
- Unit Trustsⁱ – Listed and Unlisted
- Group Investment Funds,
- Term Deposits
- Bonds
- Alternative Assets – hedge funds, precious metals
- KiwiSaverⁱⁱ
- Superannuationⁱⁱⁱ

How your investments are managed

The *Diversified* Portfolio Service (DPS) involves the researched selection of various investments both locally and internationally and are held in a variety of currencies. This service involves formal mark-to-market valuation, regularly benchmarking portfolios against research models in appropriate risk categories and against the investor's objectives, safe-keeping of securities; receiving, checking and accounting for distributions; accounting for tax; monitoring changes to structure or investments; and making or recommending changes as appropriate.

There are three parties working for the benefit of the investor in order to seek superior investment returns while limiting risks:

The Custodian - New Zealand Guardian Trust Co Ltd (NZGT) and/or Investment Custodial Services Ltd (Aegis) acts as the custodial trustee. All investment funds are directly paid to the Custodian and withdrawals are paid by them - no other parties have access to the funds.

The Adviser follows the recognised six step process of: gathering information, helps to define a client's goals and objectives, makes recommendations to meet those objectives, implements the agreed investment strategy, monitors portfolios quarterly and reviews the client's objectives regularly.

Diversified provides the research to develop the investment strategies, provides the portfolio reports, administration and information, and acts as a central point of reference, resource and coordination.

Other Information we Provide

- Various reports are provided on a quarterly basis and include portfolio valuations and performance reports.
- When completing a transaction in relation to the acquisition of any particular security a full description of the security will be provided along with a copy of the current investment statement, product description or prospectus published by the security issuer.



- “Diversified’s View” is published and provided to clients monthly.
- Comprehensive Tax reports.

Taxation & Estate Planning

We do not provide advice on Taxation, Wills, or Trusts except in general terms in relation to investments. Such advice should be obtained and/or confirmed from a qualified specialist.

Research

Diversified formulates leading and independent investment strategies, based on our gauging of economic trends and tempered by a proprietary view of market valuations. The company makes a major commitment to investment research, and gathers fundamental information utilising internationally recognised research providers. *Diversified* is a proponent of *Tactical Asset Allocation* to add value and reduce risk by adjusting investment levels to the various sectors in response to changing economic indicators, in a context of systematic diversification in accordance with Modern Portfolio Theory. Positions are formulated with a one-year to 18 month horizon and are formally reviewed quarterly. Our *Diversified* Portfolio Service (“DPS”) facilitates efficient application of our *Tactical Asset Allocation* advice.

Remuneration

All professional fees to clients are paid to *Diversified* and are based on the portfolio management and advice provided – and these can vary according to each client’s situation. Along with the investment plan we will provide a full breakdown of the fees involved and no fees will become payable unless agreed beforehand. As an independent Adviser, Richard receives a share of these fees for the services provided.

All entry and exit fees payable on account of recommended investments are rebated, i.e. commissions received (if any) are directly rebated back to the investor. All fees charged are detailed in the clients cash account held within their portfolio and a statement of the cash account is provided quarterly or more frequently upon request. *Indicative* rates for the establishment and management of a *Diversified* portfolio are:

Type of Fee	Maximum fee payable
Investment Entry Fees	Nil (Rebated to client if applicable)
Plan Implementation	\$500 minimum or by arrangement
Monitoring Fee per quarter	0.5% (on first \$250,000) 0.4% (on the next \$250,000) 0.3% (on the next \$500,000)
Plus GST as applicable	0.2% (on the balance)

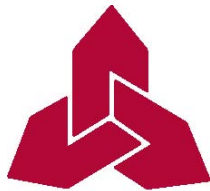
Commissions & Other Benefits

Diversified may in rare instances receive “trail commissions” from the managers of “retail” Unlisted Unit Trusts in which clients have invested. Such investments do not often feature in *Diversified* portfolios unless there is a perceived investment advantage for their inclusion. Such trail commissions are generally small in value and where they apply they will be fully rebated if possible or disclosed to clients at the time of recommending such investments.

[Name], along with Directors and other Advisers contracted to *Diversified* may at times attend briefings, courses, and seminars conducted by investment product providers. Such functions are generally aimed at the exchange of information; but meals and other items of negligible value might be provided and accepted.

Professional Indemnity

All *Diversified*’s advisers are covered under a Professional Indemnity insurance policy. This insurance provides for: errors or omissions; defamation; employee dishonesty; and includes



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full "prior acts" protection. Our cover exceeds the minimum level of cover required by the Institute of Financial Adviser's Membership By-laws. The underwriter is **QBE** Insurance.

Agencies, Powers of Attorney, Custodial Services

Specific details with regard to arrangements relating to the provision of custodial services or agency or powers of attorney including any disclaimers relative to the services will be provided to you in writing if applicable.

Declaration

To the best of our knowledge and belief we are not aware of any other existing or potential conflicts of interest, which could impair our objectivity as advisers or providers of professional services.

We declare that this document when completed and signed incorporates the standards of disclosure required in terms of the Securities Markets Act 1988 and the Securities Markets (Investment Advisers and Brokers) Regulations 2007 when accompanied by the fee schedule for the investment advisory services to be provided.

Diversified Investment Strategies Limited



Richard Milton

MSc (Hons)

Date:.....

Interests Register

Richard is a:

Director and sole shareholder of *Richard C Milton Ltd*

ⁱ *Diversified* Wealth Management Limited manage the *Diversified* Balanced Investment Fund and may recommend this fund to clients.

ⁱⁱ *Diversified* provides investment advice and support services to the Law Retirement KiwiSaver Scheme.

ⁱⁱⁱ *Diversified* provides investment advice to the Law Retirement Plan.